Department of State TELEGRAM

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EXCISE

ACTION NEA-11

INFO OCT-01 AF-08 ARA-08 EUR-14 EA-11 OEP-01 AID-20 E-11
NSC-10 RSC-01 CIEP-01 SAL-02 SS-14 STR-08 OMB-01
CIAE-00 COM-08 FRB-02 INR-06 NSAE-00 TRSE-00 XMB-06
OPIC-12 LAB-06 SIL-01 JUS-02 L-03 H-02 SA-03 DODE-00
PRS-01 INT-06 RSR-01 /181 W.

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R 240455Z NOV 71 ZDK
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 4024
AMEMBASSY VIENNA
INFO USINT ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY BONN
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DJAKARTA
AMEMBASSY THE HAGUE
AMEMBASSY JIDDA
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY PORT OF SPAIN
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
USMISSION OECD PARIS UNN

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY C DATE 6/22/81
PORTIONS DENIED AS INDICATED

C O N F I D E N T I A L KUWAIT 1322

SUBJECT: PETROLEUM: OPEC DOLLAR-PARITY TALKS

REF: A) VIENNA 7365 B) TEHRAN 6582

1. ALL INFORMATION AVAILABLE HERE CONFIRMS TEHRAN'S UNDERSTANDING

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Declassified

THAT DOLLAR-PARITY TALKS BEGUN IN VIENNA NOVEMBER 22 AIM SOLELY AT REVIEW OF RELEVANT DATA, AND THAT DELEGATES ON BOTH SIDES HAVE NOT RPT NOT BEEN GIVEN NEGOTIATING BRIEF. UPON RECEIPT REFTELS, WE AGAIN RAISED ISSUE WITH KOC OFFICIALS, AND THEY HAVE RECONFIRMED COMPANIES' POSITION AS OUTLINED REF (B).

2. GOK HAS SENT FINANCE AND OIL UNDERSECRETARY, ABDUL WAHAB MOHAMMAD, TO ATTEND ADMINISTRATIVE MEETINGS OF OPEC BOARD WHICH ALSO BEING HELD NOW, AND TO AUGMENT TWO MINISTRY TECHNICIANS (ALI KHALIFA AND FARRAJ) ALREADY IN VIENNA. BUT UNDERSECRETARY RARELY ASSUMES RESPONSIBILITY FOR SUBSTANTIVE ISSUES SUCH AS DOLLAR-PARITY, AND WE DOUBT HIS ARRIVAL SIGNALS ANY ATTEMPT ON GOK'S PART ELEVATE TALKS WITH COMPANIES INTO FORMAL NEGOTIATIONS. OF COURSE, AS THESE DISCUSSIONS CONSTITUTE FIRST INSTANCE WHERE PRODUCING STATES AND MAJOR COMPANIES HAVE MET UNDER DIRECT AEGIS OPEC SECRETARIAT, PACHACHI AND STAFF MAY NATURALLY WISH GIVE THEM AS MUCH PRESTIGE AS POSSIBLE.

3. KOC HAS JUST RECEIVED URGENT REQUEST FROM COMPANY REPS VIENNA TO SUPPLY DETAILED COUNTRY-OF-ORIGIN BREAKDOWN KUWAIT IMPORTS. ASSUME COMPANIES WISH KEEP GULF-STATE DELEGATIONS FROM BACKING AWAY FROM USE IMPORT TRADE FIGURES AS BASIS ASSESSING LOSSES (TEHRAN 6391), SINCE THESE SHOULD HIGHLIGHT GREATER VALUE DOLLAR AND STERLING IMPORTS INTO AREA COMPARED WITH MARKS, YEN, AND ASSORTED OTHER CURRENCIES WHOSE VALUES HAVE FLOATED HIGHER THAN STERLING.

4. RE PARA 1 REF (A): ANYTHING SPECIFIC VIENNA COULD PROVIDE ON "UNNAMED" STATES WHICH SOUGHT DELAY VIENNA TALKS WOULD BE APPRECIATED.

[redacted] B

WALSH